BY ORDER OF THE COMMANDER
AIR FORCE SPECIAL OPERATIONS COMMAND

AFSOC INSTRUCTION 11-101
1 MAY 1997
Flying Operations

FLYING HOUR COST REVIEW PROCESS

COMPLIANCE WITH THIS INSTRUCTION IS MANDATORY. This instruction implements AFPD 11-1, Flying Hour Program. This instruction governs collection, analysis, and control of flying hour costs for AFSOC aircraft worldwide. Specifically, it prescribes measures to minimize the cost of supplies, depot level reparables (DLRs), and AVPOL; establishes periodic review and reporting requirements at headquarters and wing/group levels; and explains operations, logistics, and financial factors that affect costs. It applies to all AFSOC units. This instruction applies to the Air National Guard when published in ANGIND 2 and to US Air Force Reserve (USAFR) units.

Certified by: HQ AFSOC/LGM (Col Kleiv)
OPR: HQ AFSOC/LGMW (Capt Spillane)
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1. Responsibilities. HQ AFSOC/LG is OPR and HQ AFSOC/FM/DO/XP are OCRs for this instruction. Wing/Group commanders establish and lead local Flying Hour Cost Review groups and ensure the Flying Hour Cost Review Process functions in accordance with this instruction.

2. Organization. HQ AFSOC and Wing/Groups will form and maintain corporate bodies for managing flying hour costs. The HQ AFSOC Flying Hour Working Group (FHWG) is chaired by HQ AFSOC/LGR and includes members from FM, DO, and XP. The FHWG will gather and analyze flying hour cost data for reporting and making recommendations to the flying hour review board. The HQ AFSOC Flying Hour Review Board (FHRB) is chaired by AFSOC/CV and includes LG, FM, DO, and XP as members to provide oversight and direction on flying hour cost issues. A similar structure at wing/group level is essential and directed.

3. Policy. Controlling the cost of flying operations is a responsibility of command. This responsibility encompasses logistics practices, operational factors, and financial management at wing/group level. Proper stewardship of AFSOC flying hour resources is consistent with the Command's highest priority to fly the SOF mission by protecting dollars that fund readiness and sustainment. This principle requires a culture change and cost conscious decision process from senior management down to shop technicians and operators. Specific requirements are as follows:

3.1. HQ AFSOC:

3.1.1. FHWG/FHRB Decision Process. Instituting a decision process recognizes that although operational and logistics requirements demand high priority to protect mission capability, management must still find ways to control these costs.

3.1.1.1. Execution Review. The process requires assessments quarterly or more frequently on cost per flying hour and drivers of increases and decreases. HQ AFSOC will review each MDS and integrate wing/group inputs, crossfeed problems, and elevate major concerns. The HQ AFSOC FHWG formulates

command problems into a staff action for all affected units and SOCOM, and reports results and recommendations to the FHRB.

3.1.1.2. Proposed Actions. Direction to wings/groups and WR-ALC for FH cost initiatives will undergo the review process. HQ AFSOC functionals will not downward direct unprogrammed operational or maintenance cost initiative procedures without FHRB approval.

3.1.2. HQ AFSOC/LG will provide SBSS programming assistance, including computer retrieval programs to access the Standard Base Supply System (SBSS) to allow wing/group users to analyze supply/DLR consumption and isolate the causes rapidly.

3.1.3. HQ AFSOC/LG will develop proposals to balance organizational and intermediate maintenance capabilities between units to minimize depot "Not Reparable This Station [NRTS]" costs. This may entail reallocating resources between organizations to optimize organic capability.

3.1.4. HQ AFSOC/DO will provide direction to Wings/Groups on operational practices approved by the FHRB, such as fuel and supplies conservation. DO will also review the command's participation in exercises versus training requirements.

3.1.5. Air Force Cost Analysis Improvement Group (AFCAIG) factor development. HQ AFSOC/FM/LG/XP will strengthen the validity of cost planning factors by integrating modifications, 2LM vs 3 LM changes, warranties, contract work becoming organic, time compliance technical orders (TCTOs), and other logistics factors. The FHWG/FHRB will also assess potential costs of logistics changes before AFSOC approval.

3.1.6. Unfunded Requirements. HQ AFSOC/FM will present validated unfunded flying hour costs to the AFSOC Budget Review Group and AFSOC Council with recommendation for internal reallocation, request for additional funds from USSOCOM J8-C, or other action to offset higher costs. FM will also submit validated contingency flying hour costs to USSOCOM for reimbursement.

3.1.7. Activity Based Costing (ABC). A user-friendly means to track and forecast flying costs is an essential long-term solution. HQ AFSOC/LG will pursue acquiring a system compatible with other AF and DoD systems for use at HQ and wing/group levels. As an interim measure, HQ AFSOC/LGRS will offer a variety of SBSS programs that provide wings/groups a rapid capability to collect, analyze and extract consumption data.

3.2. Wings/Groups:

3.2.1. FHWG/FHRB Decision Process. Similar to the HQ AFSOC structure, instituting wings/groups will use a decision process that weighs operational and logistics requirements against costs.

3.2.1.1. Execution Review. The process requires reviews at least quarterly of cost per flying hour and cost drivers. Drivers may include increased LRU failure rates, operational stress on systems, temporary maintenance capability shortfalls (manpower, test equipment, etc.), "float" increase due to awaiting parts, costs incurred for discretionary work, "one-time" major expenses expected to be amortized, faulty maintenance practices, etc.

3.2.1.2. Proposed Actions. Following the review of cost drivers, the decision process moves to corrective actions to control costs. These actions may include reallocating manpower and equipment within the

wing/group, training, validating backordered DLRs/supplies, deferring discretionary work, and requesting AFSOC or other wing/group assistance.

3.2.2. Logistics Practices. Review practices to ensure personnel understand and accommodate cost impacts of maintenance and supply actions.

3.2.2.1. Repair Capability. Ensure the wing/group has a realistic balance to share maintenance capability between squadrons and shops in order to maximize backshop repair for 3-level maintenance LRUs. For deployments, ensure personnel deploy with instructions to minimize NRTS costs by shipping DLRs to AFSOC units rather than to depot.

3.2.2.2. Safeguarding Assets. Commanders must ensure accountability for assets and employ the Report of Survey program when appropriate. Protection of assets also calls for deployment of AFSOC supply personnel with AFSOC aircraft and having memorandum of agreements (MOAs) in place with host command supply ICP.

3.2.2.3. Unprogrammed Work. Seek FHWG/FHRB approval before undertaking maintenance and repairs that exceed the unit's funded program by a significant margin. Identify costs and rationale for increased consumption of LRUs.

3.2.2.4. Supply Discipline. Ensure maintenance personnel process credit turn-ins promptly and continuously validate due outs and cancel those no longer required. The funding that "falls out" from these reviews directly contributes to increased purchasing power for supplies and DLRs. To capture costs properly, use the correct Project Fund Management Record (PFMR)/Organization Cost Center Record (OCCR) for charges to the respective MDS.

3.2.3. Operational Practices:

3.2.3.1. Fueling options and documentation. Aircrews should use AF/DoD fuel sources whenever possible and minimize credit card and into-plane transactions. Turn in fuel receipts to the host fuels office promptly.

3.2.3.2. When HQ AFSOC/DOT approves training in either a simulator or “slick” aircraft, maximize use of these assets in preference to the operational MDS.

3.2.4. Financial Management:

3.2.4.1. Accounting/Supply System reconciliation. Financial managers (FMs) must ensure BQ obligations match SBSS charges, and correct errors. The accounting (BQ) system is the official data base for managing cost per flying hour. Similarly, Reliability and Maintainability Information System (REMIS) is the official system to account for hours flown.

3.2.4.2. Validate unfundeds. The FM must scrutinize shortfalls and determine if some overruns are temporary due to "float" or costs to be amortized. The credibility and consequent potential for payback of unfunded actions depend on a careful review of the causes.

3.2.4.3. Purge obligations and commitments. Although not directly part of the flying hour review process, FMs must continuously review fund cite authorizations such as AF Forms 616 and MIPRs to identify excess dollars that can offset flying hour costs.

4. Reporting:

4.1. Monthly. By the 10th duty day of each month, Wings/Groups report flying hour costs as of the end of the prior month and narrate significant variances from funded program. (RCS: AFSOC/LGM (M)9701 Cost Per Flying Hour Variance Analysis) The wing/group FM consolidates this report for the FHWG/FHRB.

4.1.1. Separate costs by MDS and commodity; i.e. GSD (expendables), SSD (supplies), and RSD (DLRs)

4.1.2. Categorize costs as follows:

4.1.2.1. Programmed. Costs incurred in a given reporting period that will be amortized over 12 months, such as Time Changes.

4.1.2.2. Recoverable. Costs that will drop out due to anticipated credits (such as MDRs/QDRs), erroneous overcharges, or temporarily elevated “float” for parts.

4.1.2.3. Unprogrammed. Dollar amount resulting from deferred work during a prior period or FY; and unplanned costs, i.e. IOC to another MDS and the "learning curve" that causes higher NRTS activity, etc.

4.1.2.4. Other. Costs that could not be defined during the reporting period [explain in next report].

4.1.3. Use the attached format to highlight key cost drivers, differentiate recoverable versus permanent costs, and explain consumption increases/decreases.

4.1.4 Provide recommended courses of action concerning flying hour costs to the FHWG/FHRB.

4.2. Quarterly. At a minimum of each quarter, HQ AFSOC FHWG brief flying hour cost status to the FHRB, including the above factors and projection of costs for the following months. At Wing/Groups, the established agency will brief the commander.

5. Training:

5.1. Culture change. Wings/Groups will ensure all personnel understand the impact of operational practices, materiel transactions, and financial resource constraints. This is a major undertaking that requires everyone from the commander down to each shop technician and aircrew member understands cost impacts. Establish training programs and follow up to ensure personnel understand the cost implications of their actions.

5.2. Activity Based Costing (Par 4a.7). Provide guidance down to shop level on analytical tools, which should be part of the overall training program to instill cost consciousness.

ROBERT F. GUY, Colonel, USAF
Director of Logistics

Attachment 1

SAMPLE FORMAT COST PER FLYING HOUR VARIANCE ANALYSIS

MDS Affected	NSN	Nomenclature	Quantity	$ Impact (Exchange Price x Qty)	Temporary (Float) QTY	Temporary (Float) $$$	Permanent (NRTS) QTY	Permanent (NRTS) $$$	CAUSE (BE SPECIFIC)
MH-53J	1615012492315BZ	Gear Box	1	$503,169			1	$503,169	Ordinary failure; normal activity is 1/yr; expected 1 this year; not abnormal, just came early
MH-53J	5841012940915SO	Radar Antennas	3	$121,800	1	$40,600	2	$81,200	Normal activity is 5/month; replaced 8 this month due to… numbers here are net of credit turn-ins already realized
MC-130H	28400LMNOPQRS	-7 Engine Turbine	2	$38,020			2	$76,040	Normal activity is 1/month. NRTS'd 2 more than normal because…
MC-130P	28400LMNOPQRS	-7 Engine Turbine	1	$38,020			1	$38,020	Normal activity is 1/month. NRTS'd 1 more than normal because…
AC-130H	28400ABCDEFGH	-15 Engine Turbine	2	$98,000			2	$196,000	Normal activity is 2/month; NRTS'd 4 (2 more than expected); these 2 were unplanned overtorques

Note: Provide enough items and detail until your float and NRTS values explain most of your bottom-line flying hour variance for the month. Be sure to contrast quantities experienced with normal or expected monthly activity levels (use fractions if necessary—eg., expected level of 6/yr = ½ month). If actual and expected levels are the same, you shouldn't be calling out that NSN as a reason for overexecuting.